VAN LANSCHOT KEMPEN

Factsheet | July 2023

INVESTMENT MANAGEMENT

Kempen Global High Dividend Fund N

NL0006089229

Overview

Profile

Kempen Global High Dividend Fund (KGHDF) offers a diversified portfolio of listed companies worldwide with an above-average dividend yield at the time the company is purchased for the first time. The portfolio contains around 70 investments, which are approximately equally weighted. The environmental, social and governance (ESG) criteria are incorporated in the investment process. The primary objective of KGHDF is to achieve a structurally better long-term return, comprising capital gains plus net dividends, than the MSCI World Total Return Index. KGHDF pays out dividend on a quarterly basis and aims to pay all the received net dividends to the shareholders.

Management Team

Joris Franssen, Luc Plouvier, Marius Bakker, Robert van den Barselaar, Reineke Davidsz, Roderick van Zuylen

More information about the team and the strategy

Key Figures

Total fund size	EUR 809.38 M	2023-07-31
Share class size	EUR 195.98 M	2023-07-31
Number of shares	5,295,407	2023-07-31
Net Asset Value	EUR 37.01	2023-07-31
Transaction price	EUR 36.91	2023-07-31

Top 10 Holdings

Fresenius	2.2 %
Nexstar Media Group	2.1 %
LyondellBasell Industries	2.1 %
BlackRock	2.1 %
Singapore Telecommunications	2.1 %
Taylor Wimpey	2.1 %
Power Corp of Canada	2.1 %
Sysco	2.0 %
Kinder Morgan	2.0 %
Shell	2.0 %

Ongoing Charges

Management fee		0.63 %
Service fee	+	0.10 %
Expected ongoing charges		0.73 %
Ongoing charges last financial year		0.71 %

The ongoing charges figure of the last financial year relates to 2021/2022. The service fee is determined annually on basis of the net asset value as of the last day of the previous financial year: < or equal to EUR 200 million: 0.20% Between EUR 200 million and EUR 700 million: 0.15% >EUR 700 million: 0.10%

Share Class Details

Share class	N
Investor type	Institutional & Private
Distributing	Yes
Benchmark	MSCI World Net Total Return Index (calculated in Euro)
Investment category	High Dividend
Universe	Global equities
Inception date	2007-10-24
Domicile	Netherlands
May be offered to all investors in	Netherlands
UCITS status	Yes
Status	Open-end
Base currency	EUR
Share class currency	EUR
Management company	Van Lanschot Kempen Investment Management NV
Depositary and custodian	BNP Paribas S.A., Netherlands Branch
Morningstar rating ™	★★★
Morningstar Analyst rating	Bronze

Tradability

Listed	yes, listed on the NAV Trading Facility of Euronext
Subscription/Redemption Frequency	Daily
ISIN	NL0006089229

Fund Characteristics Per 2023-07-31

	Fund	Benchmark
Number of holdings	67	1512
Dividend yield	4.11 %	1.96 %
Weighted average market capitalization	EUR 57,160 M	EUR 439,171 M
P/E ratio	11.40	18.14
Active share	95.07 %	

Dividends

Last dividend	EUR 0.40
Ex-date last dividend	2023-05-30
Number of distributions per year	4
Dividend calendar	Open the calendar

The dividend distribution of KGHDF (ex-date 01 August 2018) is included in the NAV per 31 July 2018 and is therefore included in the performance figures of July.

Performance

Performance Per 2023-07-31

	Fund	Benchmark
1 month	3.2 %	2.3 %
3 months	4.9 %	8.7 %
This year	10.8 %	15.1 %
2020	-10.0 %	6.3 %
2021	29.7 %	31.1 %
2022	0.1 %	-12.8 %
1 year (on annual basis)	10.7 %	4.9 %
3 years (on annual basis)	18.9 %	14.3 %
5 years (on annual basis)	7.6 %	10.4 %
Since inception (on annual basis)	7.2 %	8.2 %

Performance is shown after deduction of ongoing charges and including the reinvestment of dividend that has been paid out. The performance figures shown in the graph are rebased. The value of your investments may fluctuate. Past performance provides no guarantee for the future. The dividend distribution of KGHDF (ex-date 01 August 2018) is included in the NAV per 31 July 2018 and is therefore included in the performance figures of July.

Performance Since Inception Per 2023-07-31 (Rebased)

Risk Analysis (Ex Post) Per 2023-07-31

	3 Years	Since Inception
Maximum drawdown	-8.67 %	-33.53 %
Tracking error	9.19 %	5.89 %
Information ratio	0.50	-0.16
Beta	0.78	0.91

Portfolio

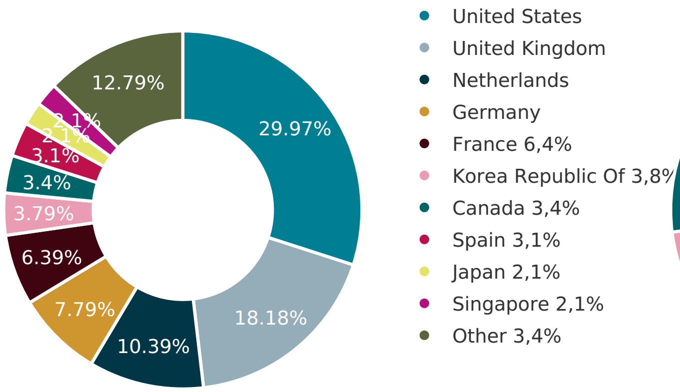
Top 5 Contribution (2023-07-31)

	Contribution	Performance
Lite-On Technology	0.60 %	42.25 %
Fresenius	0.25 %	12.46 %
Autoliv	0.25 %	17.44 %
Universal Music Group	0.23 %	14.64 %
Nexstar Media Group	0.23 %	10.93 %

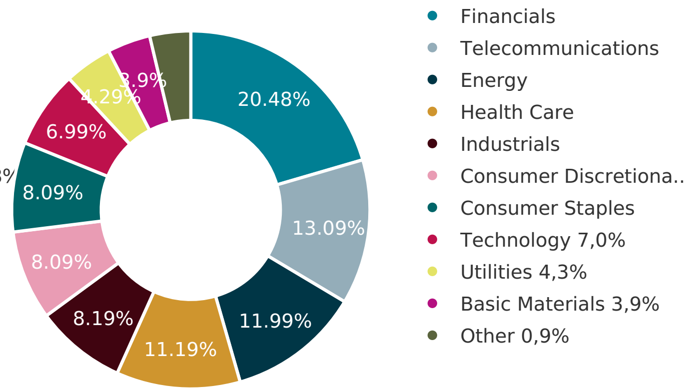
Bottom 5 Contribution (2023-07-31)

	Contribution	Performance
Omnicom	-0.12 %	-12.00 %
Knorr-Bremse	-0.10 %	-8.63 %
Merck & Co	-0.10 %	-8.54 %
Cardinal Health	-0.07 %	-4.31 %
Technip Energies	-0.03 %	-1.80 %

Geographic Allocation (2023-07-31)



Sector Allocation (2023-07-31)



The cash position is included in 'Other'.

Developments

Developments Per 2023-07-31

July was a positive month for equities. Investors increasingly believe that inflation can be reduced to target without significant further interest rate hikes or a meaningful decline in economic activity. In the US, inflation is already coming down to 3%, which is better than expected. It is now widely anticipated that we are close to the peak for the current interest rate cycle. At the same time, GDP growth appears to be more resilient than expected. In Europe, economic indicators like the purchase managers index are suggesting that there will be a modest economic contraction over the next months. Like in the US, inflation is coming down. The ECB raised rates in July, but also signaled that the pace of interest rate increases is slowing down. Japanese inflation remained strong, rising 4.2% year on year in June. Given the strong inflation data, the Bank of Japan (BoJ) turned its 0.5% yield ceiling from a rigid limit into a reference point, and will now buy 10-year Japanese government bonds at up to 1%. Most equity markets showed positive returns in July. This was driven by the expectation that inflation is no longer an issue and that a severe recession is avoided. Within this positive environment, KGHDF outperformed the broader market index. It also outperformed the dividend style benchmark.

The sector that contributed most to the absolute performance of KGHDF was the financials sector. Enthusiasm about financials was broad-based, with positive returns in insurance (Prudential), banks (ING Group), and other financials (Blackrock). Real estate had a miniscule negative contribution in July (AvalonBay was down 1%). From a relative perspective, the performance was driven by the information technology (Lite-On Technology) and consumer discretionary (Autoliv and Taylor Wimpey) sectors. The energy sector detracted a bit from relative performance.

One of the best performing stocks in July was Lite-On Technology (up 43%). From the start of this year until the end of July, the stock returned 134% (including dividends). This spectacular share price performance is for an important part driven by the hype around Artificial Intelligence (AI) related stocks. Lite-On is a Taipei-listed manufacturer of computer components and peripheral equipment. Part of their revenues are derived from AI-related products, which are expected to drive substantial growth. Other parts of the business are expected to benefit from a positive turn in the electronics cycle. As a result of the increasing share price, the shares have become significantly less attractively valued. However, the dividend yield is still expected to be above 5% over the next year. And if the growth materializes, the forward price/earnings ratio of 18 times is not excessive.

One of the worst performing stocks in July was Omnicom (-12%). The American advertising agency reported worse than expected financial results. Especially the weaker-than-expected organic growth rate concerned investors. At the same time, the company raised its guidance for 2023 organic growth and profit margins. What we like about the company is that is repurchasing their shares at a healthy clip, which is a low risk way of creating value for shareholders. At just 10 times expected 2024 earnings, the shares remain attractively priced.

In July we acquired a position in CNH Industrial. CNH is one of the leading manufacturers of tractors and combines. It also sells construction equipment, although this is only a minor part of the business. Important brands include Case and New Holland. CNH Industrial is still widely perceived as being an Italian company, despite selling their products all over the world. As the result of this perception CNH trades at a significant discount to its US-based counterpart Deere. CNH is implementing several initiatives that will result in a reduction of this discount. CNH plans to close its Milan listing, which means that the shares can only be traded in the US. Secondly, CNH's CEO is implementing the "CNH Business System", which is a way of working that will improve product quality, improve efficiency, and will lead to higher profit margins. Thirdly, the company not only pays a 3% dividend, they also repurchase shares. If CNH is successful, we will not only benefit from growing earnings and dividends, we will also benefit from the re-rating that will take place once CNH is perceived as a direct peer to Deere.

We also acquired a position in Noble Corp. Noble is a US-listed offshore drilling contractor. The industry experienced substantial overcapacity for many years. The covid-pandemic pushed almost all offshore drillers into bankruptcy. In this downturn, older rigs were scrapped as they became uneconomic. Therefore, supply has been dramatically curtailed. It is unlikely that there will be any new drill rigs entering the market over the next years. At the same time, demand has been steadily increasing. Supplying enough oil requires drilling (new) wells, which will boost the demand for contract drilling. This tightening of the market for contract drilling is leading to higher day rates. We expect that day rates will become much higher over the next couple of years as the consequence of even tighter markets. This will boost free cash flows to Noble. Noble will pay out a dividend (currently a dividend yield of ~2.5%), and will use excess cash for share repurchases and acquisitions. We are comfortable with Nobel's ESG profile for three reasons. Firstly, it does not spend anything on growth capex, which fits into our view of an orderly energy transition. Secondly, Nobel runs projects to store up to 8 million tons of CO_2 by 2030. Thirdly, offshore oil generally has the lowest scope 1 and scope 2 carbon intensity. Concludingly, we have acquired a company with valuation support, an improving end market, and a reassuring ESG profile.

To finance the new positions, we have sold our shares in machinery company Komatsu. Our original thesis of growing end markets (mining and construction), a weak Japanese yen (which benefits exporters like Komatsu), and an undemanding valuation has played out over the last quarters. Earnings have moved up as expected, and also the multiple has expanded. With the stock selling at its highest point in five years, we re-assessed the position. We no longer see any obvious reasons for a further re-rating of the shares.

We currently expect a dividend yield of around 4.5% for KGHDF. This number is based on the consensus estimate of dividends paid out over the next 12 months. KGHDF still trades at a strong discount versus the market (the average valuation of all the holdings in KGHDF versus the broader equity market). Historically, this has led to a strong relative performance in the medium term. Also, the absolute valuation of the strategy is compelling. We continue to focus on attractively valued companies, that have good capital discipline and generate positive cash flow through the cycle. In summary, the current environment offers the opportunity to buy a well-diversified portfolio with solid earnings power at an attractive valuation. In addition, ESG (Environmental, Social and Governance) is fully incorporated in our investment process.

Sustainability-related disclosures

No Sustainable Investment Objective

The Kempen Global High Dividend Fund (the “Fund”) Falls under the scope of article 8 of the SFDR, indicating that the fund promotes environmental and/or social characteristics. The fund does not have sustainable investment as its objective.

The Fund excludes companies through the application of strict exclusion criteria. These take into account international standards, such as the UN Global Compact framework, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and our Principles for Responsible Investment commitments. The Fund applies additional exclusion criteria based on product involvement and business conduct.

Environmental Or Social Characteristics Of The Financial Product

The Fund promotes environmental characteristics related to:
• Climate change mitigation and climate change adaptation in line with the Paris Climate Agreement;
• The protection of biodiversity and ecosystems;
• The transition to a circular economy.

The Fund promotes social characteristics related to:
• Decent work;
• Adequate living standards and wellbeing for end-users;
• Other social topics such as gender equality and broader diversity matters.

The environmental characteristics promoted by the Fund seek to contribute to the achievement of the climate goals of the Paris Agreement and the National Climate Agreement of the Netherlands (‘Klimaatakkoord’). This decarbonization pathway encompasses short-term (2025) objectives, a mid-term (2030) ambition and a long-term commitment to be net zero by 2050. Although there has been no index designated as a reference benchmark, by 2025 the Fund aims to have a carbon intensity that is below the 7% reduction pathway. This pathway assumes a carbon intensity that lower than a relevant Global Dividend benchmark in 2019 with a subsequent 7% annual reduction.

Investment Strategy

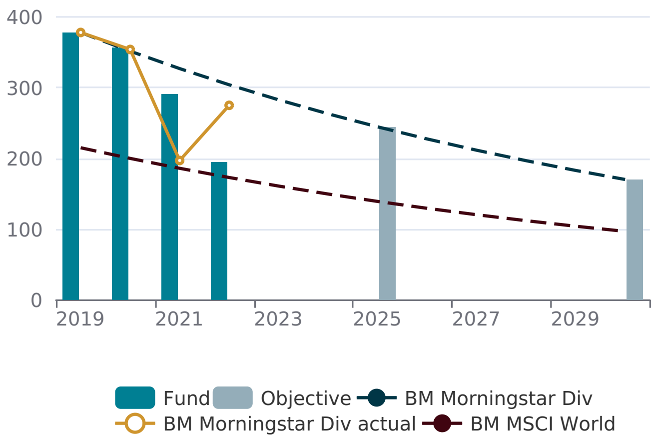
The Fund offers a diversified portfolio of companies worldwide with an expected attractive dividend yield, while at the same time complying with strict exclusion and sustainability criteria. Our ESG-policy, described in the ESG Policy & Process document, is aimed at the promotion of environmental and/or social characteristics. This ESG policy is implemented in our strategy’s investment process across four pillars: Exclusion, ESG Integration, Active ownership and Positive impact.

Before and after selecting the asset, we apply adequate (ESG) due diligence measures. This can help to enhance long-term risk adjusted returns for investors, in accordance with the investment objectives of the Fund. We look at each company on a case-by-case basis, taking into account both material risks in a given industry and the company’s respective risk exposure, practices and disclosure. This includes:
- an assessment of good governance practices. The investee companies are rated for governance aspects using external research and internal assessments .
- the company’s exposure to past controversies and future ESG opportunities
Based on fundamental ESG analysis we form an opinion on the quality of a company’s ESG profile and award a score (1-5).

Key Figures

	Kempen Criteria	Additional Criteria
Business conduct		
Human Rights		
Labour		
Environment		
Anti Corruption		
Product involvement		
Controversial Weapons		
Tobacco		
Thermal Coal		
Tar Sands		
Adult Entertainment		
Alcohol		
Animal Welfare & GMO		
Gambling		
Power Generation Nuclear		
Power Generation Carbon Intensive		
(Un)conventional Oil & Gas Extraction		
Weaponry		

Fund Carbon Emission Targets



Morningstar Sustainability Rating

Limitations To Methodologies And Data

Externally provided ESG data is far from perfect. Therefore we conduct rigorous due diligence of the data used in our ESG processes to ensure the limitations will not affect the environmental and social characteristics. To ensure data quality we regularly engage with portfolio companies and third party vendors. Limitations include, but are not limited to discrepancies between company reported data and data provided by third parties, inconsistencies across data vendors, market cap bias and modelling assumptions.

Proportion Of Investments

Information about the proportion of investments with environmental or social characteristics is available in the annex II of this product.

Monitoring Of Environmental Or Social Characteristics

The holdings are screened quarterly for compliance with Kempen's ESG criteria. The screening process allows Kempen to monitor the ESG performance of all companies in the fund. It also encourages engagement on potential issues identified. Furthermore, the results of the screening feeds into quarterly challenging sessions between ESG specialists and portfolio managers. These sessions are used to assess whether ESG risks and opportunities are sufficiently reflected in the investment decision making process of Kempen.

Methodologies

Principal Adverse Impact Indicators are monitored at individual holding level and at the portfolio level.

Kempen ESG Score serves as input throughout the investment process (exclusion, integration in the valuation models, engagement). Scores are based on 21 ESG risk factors, which are selected based on their materiality per industry.

Carbon emission intensity is used as the key carbon metric. We calculate carbon intensity based on revenues (weighted average carbon intensity), which we use for our commitment, ambition and objectives.

EU Taxonomy alignment is measured by turnover, for which we use a combination of actual data from investee companies and estimates on EU Taxonomy alignment made by a third party provider.

Engagement Milestones are used in order to measure engagement success. All engagement contacts are recorded and classified: Milestone 1 (company is informed), Milestone 2 (company acknowledges request), Milestone 3 (company commits to improve), up until Milestone 4 (proof of improvement).

Due Diligence

Before a company is invested in, Portfolio Managers perform a due diligence on potential ESG risks and principal adverse impact indicators, opportunities, as well as potential past controversies. ESG due diligence is integrated in the different stages of the investment process (screening of the investable universe, fundamental research & portfolio management). ESG specialists challenge the portfolio managers on the implementation of the ESG process on a quarterly basis.

Data Sources And Processing

External data providers include (but are not limited to)
- Institutional Shareholder Services (ISS), used for proxy voting, governance research, carbon data and Sustainable Development Goals data;
- MSCI ESG Research: used for company ESG Ratings, product involvement data, principal adverse indicators and to assess the degree to which the investments are in environmentally sustainable economic activities under the EU Taxonomy, measured by turnover;
- Sustainalytics: used for ESG Risk Ratings and product involvement data.

Internal as well as external data is collected and processed in several data analytics (including FactSet, PowerBI, Tableau) and internal compliance systems (including ThinkFolio).

Kempen Global High Dividend Fund (the “Sub-Fund”) is a sub-fund of Kempen Umbrella Fund I NV (the “Fund”). Van Lanschot Kempen Investment Management NV is the management company of the Fund. Van Lanschot Kempen Investment Management NV is authorised as a management company and regulated by the Dutch Authority for the Financial Markets (AFM). The Sub-Fund is registered under the license of Van Lanschot Kempen Investment Management NV at the Dutch Authority for the Financial Markets (AFM).

The information in this document provides insufficient information for an investment decision. Please read the Key Information Document (available in Dutch) and the prospectus (available in English). These documents are available on the website of Van Lanschot Kempen Investment Management NV (www.vanlanschotkempen.com/investment-management). The information on the website is (partly) available in Dutch and English. The value of your investment may fluctuate. Past performance provides no guarantee for the future.